

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:1219

ANSWERED ON:03.03.2016

Price of Aviation Turbine Fuel

Kothapalli Smt. Geetha

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether higher State taxes coupled with greater incidence of central excise duties has resulted in petrol becoming more expensive per litre than Aviation Turbine Fuel (ATF), if so, the details thereof;
- (b) whether there is a demand from the airline industry to reduce ATF duties, if so, the details thereof and the reaction of the Government thereto; and
- (c) whether one major reason for the mismatch between the prices of ATF and petrol is the higher burden of central excise duties on the latter, if so, the details thereof and the steps taken/being taken by the Government in this regard?

Answer

Minister of State in the Ministry of CIVIL AVIATION
(Dr Mahesh Sharma)

(a) to (c): Pricing of both Petrol and ATF is de-regulated. The Public Sector Oil Marketing Companies (OMCs) take appropriate decision on price of these products in line with changes in the prices in international market and other market conditions. The Retail Sale Price (RSP) of Petrol in Delhi on 01.03.2016 is Rs. 56.61 per litre while the price of ATF in Delhi on 01.03.2016 is Rs. 39301 per Kilolitre. The components of Central and State duties and taxes on Petrol and ATF as on 01.03.2016 are given below:

PARTICULARS ATF(T3) MS
New Delhi

BASIC PRICE 22,640.00 20,540.98

FREIGHT & OTHER COSTS 4,939.87 2,549.27

EXCISE DUTY 3,861.18 21,480.00

STATE TAXES & LEVIES 7,860.26 12,033.96

FINAL SELLING PRICE(RS/KL)39,301.31 56,604.21

RSP in Rs./ltr 39.3 56.61

Source: IOCL

Ministry of Civil Aviation has taken various steps to rationalize the Tax of ATF. The matter of reduction in tax on ATF has been taken up with State Governments. Some of the State Governments have responded positively and reduced the rate of tax on ATF from 20-30% to 4-5%.The Ministry of Civil Aviation had taken up the issue of inclusion of ATF in the category of "Declared Goods" recently with the Department of Revenue, Ministry of Finance. This was deliberated upon by the Empowered Committee of State Finance Ministers wherein it was unanimously agreed by the States that ATF should not be notified as "Declared Goods". The Basic Excise Duty(BED) on ATF for Scheduled Commuter Airlines (SCA) from the Regional Connectivity Scheme (RCS) is 8% against the 14% for ATF applicable for other services.